
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Transcenta Holding Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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(registered by way of continuation in the Cayman Islands with limited liability)
(Stock code: 6628)

- (1) GRANT OF AWARD SHARES UNDER SCHEME MANDATE LIMIT;
(2) ADDITIONAL GRANT OF AWARD SHARES BEYOND SCHEME
MANDATE LIMIT;
(3) PROPOSED REFRESHMENT OF THE SCHEME MANDATE
LIMIT AND SERVICE PROVIDER SUBLIMIT;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 28 to 29 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 30 to 38 of this circular.

The notice convening the EGM of Transcenta Holding Limited to be held at 218 Xinghu Street, Biobay, B6-501, Suzhou, China on March 25, 2024, at 10:00 a.m. is set out in this circular.

Whether or not you are able to attend the EGM, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed on it and return it, together with the power of attorney or other authority (if any) under which the form of proxy is signed or a certified copy of such power of attorney or authority, to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meeting thereof (as the case may be). You may also submit your form of proxy electronically by scanning the QR code or visiting the designated URL (<https://spot-emecting.tricor.hk>), through using the username and password provided on the notification letter sent to you by the Company. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting thereof (as the case may be) if you so wish, and in such event, your appointment of proxy under any form of proxy shall be deemed to be revoked.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.transcenta.com).

References to time and dates in this circular are to Hong Kong time and dates.

March 6, 2024

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SPECIAL ARRANGEMENTS FOR THE EXTRAORDINARY GENERAL MEETING

Shareholders can view and listen to the EGM through online access by visiting the e-Meeting System. Accessing the meeting online will not constitute attendance at the EGM. Shareholders who view and listen to the EGM using the e-Meeting System will not be counted towards the quorum nor will they be able to cast their votes online. Shareholders may submit questions relevant to the proposed resolutions in advance before 5:00 p.m. on Monday, March 18, 2024 to the Board by email, telephone, or letter. Details of contact information are set out on page 3 and page 89 of the Annual Report 2022 of the Company. The Board and/or the Company will endeavour to address relevant questions in relation to the resolutions to be proposed for approval at the EGM and may, at their discretion, respond to substantial and relevant questions.

Registered Shareholders will receive a separate notification letter with personalised username and password for the e-Meeting System from Tricor Investor Services Limited. Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through bank, stockbroker, custodians or Hong Kong Securities Clearing Company Limited (collectively the “Intermediaries”) may also be able to view and listen to the EGM online through the e-Meeting System. In this regard, they should consult directly with their Intermediaries for the necessary arrangements. The Shareholder should provide their email address to their Intermediaries before the time limit required by the relevant Intermediaries and the username and password will be sent to them upon receipt of request. Without the login details, non-registered Shareholders will not be able to view and listen to the EGM using the e-Meeting System. Shareholders should note that viewing and listening to the EGM using the e-Meeting System will not be counted towards the quorum nor will they be able to cast their votes online.

The e-Meeting System will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Additional Award Grant”	the conditional grant of a total of 2,600,000 Award Shares to Dr. Qian, Dr. Zhao and Mr. Weng on January 26, 2024, pursuant to the Share Incentive Scheme
“Additional Award Grantees”	grantees of the Additional Award Grant, who are Employee Participants, namely Dr. Qian, Dr. Zhao and Mr. Weng
“Articles”	the articles of association of the Company currently in force
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Award Share(s)”	the Shares granted under the Share Incentive Scheme
“Board”	the board of Directors of the Company
“Company”	Transcenta Holding Limited (創勝集團醫藥有限公司), a limited liability company incorporated under the laws of the British Virgin Islands on August 20, 2010, and continued in the Cayman Islands on March 26, 2021, as an exempted company with limited liability under the laws of Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, from time to time
“Dr. Qian”	Dr. Xueming Qian, an executive Director and the Chief Executive Officer of the Company
“Dr. Zhao”	Dr. Yining Zhao, a non-executive Director of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting of the Shareholders to be convened to consider and, if thought fit, approve (i) the January Bonus Award Grant to Directors, (ii) the Additional Award Grant; and (iii) the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit
“Employee Participant”	an eligible participant under the Share Incentive Scheme who is a director, officer or employee of the Group on the date of grant
“Grantees”	Additional Award Grantees and January Bonus Award Director Grantees
“Group”	the Company together with its subsidiaries from time to time; “member of the Company” means any or a specific one of them, and “Group Company” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising of all the independent non-executive Directors to advise the Independent Shareholders in respect of the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit
“Independent Shareholder(s)”	Shareholder(s) other than the controlling shareholders and their respective associates, or, if there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“January Bonus Award Director Grantee(s)”	grantees of the January Bonus Award Grant to Directors, namely Dr. Qian and Mr. Weng

DEFINITIONS

“January Bonus Award Grant”	the grant of a total of 4,900,430 Award Shares to selected grantees on January 26, 2024, pursuant to the Share Incentive Scheme under the Scheme Mandate Limit, amongst which include a total of 885,020 Award Shares conditionally granted to Dr. Qian and Mr. Weng
“January Bonus Award Grant to Directors”	the grant of a total of 885,020 Award Shares to Dr. Qian and Mr. Weng on January 26, 2024, pursuant to the Share Incentive Scheme under the Scheme Mandate Limit
“January Grant Announcement”	the announcement of the Company dated January 26, 2024, in respect of, among others, the (i) January Bonus Award Grant to Directors; (ii) the Additional Award Grant; and (iii) the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit
“Latest Practicable Date”	March 1, 2024, being the latest practicable date for ascertaining certain information in this circular before its publication
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Weng”	Mr. Xiaolu Weng, an executive Director and the Chief Financial Officer of the Company
“Option(s)”	option(s) to subscribe for or acquire Shares which is granted under the Share Incentive Scheme
“Pre-IPO Equity Incentive Plan”	the employee equity plan approved and adopted by our Company, effective from January 1, 2019, and subsequently terminated by the Board on May 31, 2023
“Prospectus”	the prospectus of the Company dated September 14, 2021

DEFINITIONS

“Refreshed Scheme Mandate Limit”	the total number of Shares which may be issued in respect of all Award Shares and Options to be granted under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company if the proposed Refreshment of the Scheme Mandate Limit is approved at the EGM, being 43,637,537 Shares, representing 10% of the total issued and outstanding Shares on the Latest Practicable Date (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the date of the EGM)
“Refreshed Service Provider Sublimit”	the total number of Shares which may be issued in respect of all Award Shares and Options to be granted to Service Providers under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company if the proposed Refreshment of the Service Provider Sublimit is approved at the EGM, being 8,727,507 Shares, representing 2.0% of the total issued and outstanding Shares on the Latest Practicable Date (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the date of the EGM)
“Refreshment of the Scheme Mandate Limit”	the refreshment of the Scheme Mandate Limit so that the Company may grant new Award Shares and Options representing in aggregate up to 10% of the total issued and outstanding Shares as at the date of the passing of the relevant resolution approving the refreshment
“Refreshment of the Scheme Mandate Limit and Service Provider Sublimit”	the Refreshment of the Scheme Mandate Limit and the Refreshment of the Service Provider Sublimit
“Refreshment of the Service Provider Sublimit”	the refreshment of the Service Provider Sublimit so that the Company may grant new Award Shares and Options to Service Providers representing in aggregate up to 2.0% of the total issued and outstanding Shares as at the date of the passing of the relevant resolutions approving the refreshment
“Remuneration Committee”	the remuneration committee of the Board

DEFINITIONS

“Scheme Administrator”	the Board or the committee of the Board or person(s) to which the Board has delegated its authority (as applicable) to administer the Share Incentive Scheme in accordance with its rules
“Scheme Mandate Limit”	the total number of Shares which may be issued in respect of all options and awards to be granted under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company, being 44,551,933 Shares, representing 10% of the total issued and outstanding Shares on the date of the 2022 EGM
“Service Provider(s)”	any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, further details set out in the circular of the Company dated October 17, 2022
“Service Provider Sublimit”	the total number of Shares which may be issued in respect of all Award Shares and Options to be granted to Service Providers under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme), being 8,910,386 Shares, representing 2.0% of the total issued and outstanding Shares on the date of the 2022 EGM
“Share(s)”	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.0001 each
“Share Incentive Scheme”	the share incentive scheme of the Company conditionally approved by the Shareholders at the 2022 EGM (as amended from time to time)
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules

DEFINITIONS

“Success Connect Trust”	Success Connect Trust is an irrevocable trust established by the Company on September 6, 2022, for the benefit of selected participants of the Share Incentive Scheme. The trustee of Success Connect Trust is BOCI Trustee (Hong Kong) Limited.
“Success Link”	Success Link International L.P., which is an exempted limited partnership established for the benefit of selected participants of the Pre-IPO Equity Incentive Plan. Success Link International L.P. is controlled by its general partner, Success Link GP Inc., which shall be determined or approved by the board of directors of the Company from time to time as provided for in the governing documents of Success Link International L.P. As at the Latest Practicable Date, the directors of Success Link GP Inc. are Mr. Weng, an executive Director, and Xin Zhi Zhuge (諸葛欣之), an employee of our Group. Mr. Weng also holds 20% equity interest in Success Link GP Inc.
“Success Reach”	Success Reach International Limited, the entire share capital of which is held by Trident Trust Company (HK) Limited, which serves as the trustee of the Success Reach Trust. Success Reach Trust is an irrevocable trust established by the Company on November 13, 2020, for the benefit of selected participants of the Pre-IPO Equity Incentive Plan
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$”	U.S. dollars, the lawful currency of the United States of America
“2022 EGM”	the extraordinary general meeting of the Company held on November 4, 2022
“%”	per cent

LETTER FROM THE BOARD



Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock code: 6628)

Executive Directors:

Dr. Xueming Qian (*Chief Executive Officer*)
Mr. Xiaolu Weng (*Chief Financial Officer*)

Non-executive Director:

Dr. Yining Zhao (*Chairman*)

Independent Non-executive Directors:

Mr. Jiasong Tang
Mr. Zhihua Zhang
Dr. Kumar Srinivasan
Ms. Helen Wei Chen

Registered Office:

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

Headquarters:

B6-501, 218 Xinghu Street
Biobay
Suzhou 215123
China

*Principal Place of Business
in Hong Kong:*

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

March 6, 2024

To the Shareholders

Dear Sir/Madam,

- (1) GRANT OF AWARD SHARES UNDER SCHEME MANDATE LIMIT;**
(2) ADDITIONAL GRANT OF AWARD SHARES BEYOND SCHEME
MANDATE LIMIT;
(3) PROPOSED REFRESHMENT OF THE SCHEME MANDATE
LIMIT AND SERVICE PROVIDER SUBLIMIT;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the January Grant Announcement in relation to, among other things, the (i) January Bonus Award Grant to Directors; (ii) the Additional Award Grant; and (iii) the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit made pursuant to the Share Incentive Scheme. The purpose of this circular is to provide you with (i) further details of the January Bonus Award Grant to Directors; (ii) further details of the

LETTER FROM THE BOARD

Additional Award Grant; (iii) further details of the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit, including the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit and the recommendation from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit; and (iv) the notice of the EGM.

2. GRANT OF AWARD SHARES PURSUANT TO THE SHARE INCENTIVE SCHEME UNDER SCHEME MANDATE LIMIT

On January 26, 2024, the Board (including the independent non-executive Directors, and excluding Dr. Qian, Dr. Zhao and Mr. Weng) resolved to, amongst others, grant a total of 885,020 Award Shares to Dr. Qian and Mr. Weng pursuant to the Share Incentive Scheme (the “**January Bonus Award Grant to Directors**”), conditional upon the approval by the Independent Shareholders at the EGM.

Details of the January Bonus Award Grant to Directors are set out below:

Date of conditional grant:	January 26, 2024
Number of Award Shares conditionally granted:	885,020 Award Shares, representing approximately 0.203% of the total issued share capital of the Company as of the Latest Practicable Date, were granted to the January Bonus Award Director Grantees. Details are set out below: <ul style="list-style-type: none">– 681,060 Award Shares conditionally granted to Dr. Qian; and– 203,960 Award Shares conditionally granted to Mr. Weng
Amount payable on application or acceptance of the Award Shares granted:	Nil
Closing price of the Shares on the date of conditional grant:	HK\$3.39 per Share
Vesting period of the Award Shares:	One year from the date of grant.

LETTER FROM THE BOARD

**Performance targets of the
Award Shares:**

As (i) the January Bonus Award Grant to Directors to forms part of Dr. Qian and Mr. Weng's remuneration; and (ii) the January Bonus Award Grant to Directors is to recognize and reward the January Bonus Award Director Grantees for their outstanding performance and contributions to the Company in the year of 2023, and can incentivize and retain the relevant January Bonus Award Director Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group, the Remuneration Committee is of the view that it is not necessary to set performance targets for the relevant January Bonus Award Grant to Dr. Qian and Mr. Weng.

**Clawback mechanism of the
Award Shares:**

The key clawback terms are as follow:

If a Grantee ceases to be an eligible person by reason of retirement of the Grantee, any outstanding Award Shares and related income not yet vested shall continue to vest in accordance with the vesting dates set out in the award letter, unless the Scheme Administrator determines otherwise at their absolute discretion.

If a Grantee ceases to be an eligible person by reason of (i) death of the Grantee, (ii) termination of the Grantee's employment or contractual engagement with the Group or an affiliate by reason of his/her permanent physical or mental disablement, (iii) termination of the Grantee's employment or contractual engagement with the Group by reason of redundancy, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Scheme Administrator determines otherwise at their absolute discretion.

LETTER FROM THE BOARD

If a Grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the Grantee has been convicted of any criminal offence involving his or her integrity or honesty, or any wrongdoing involving the Group's financial statements, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Scheme Administrator determines otherwise at their absolute discretion, taking into consider the purpose of the Share Incentive Scheme.

The underlying Shares to be granted under the January Bonus Award Grant to Directors shall rank *pari passu* with the Shares then in issue in all respects, including voting rights, entitlement to dividends, transfer and other rights (including those arising on liquidation of the Company), save that the January Bonus Award Director Grantee shall not have any voting rights, or rights to participate in any dividends or distributions declared or recommended or resolved to be paid to the Shareholders prior to him/her satisfying all conditions to become a holder of the underlying Shares.

Number of Shares available for future grant under the Scheme Mandate Limit and Service Provider Sublimit after the January Bonus Award Grant to Directors

The number of Shares available for future grant after the January Bonus Award Grant to Directors under the (i) Scheme Mandate Limit will be 167,113 Shares and (ii) the Service Provider Sublimit will be 8,910,386 Shares (Service Provider Sublimit being subject to the Scheme Mandate Limit).

3. ADDITIONAL GRANT OF AWARD SHARES BEYOND SCHEME MANDATE LIMIT

On January 26, 2024, the Board (including the independent non-executive Directors, and excluding Dr. Qian, Dr. Zhao and Mr. Weng) resolved to, amongst others, grant a total of 2,600,000 Award Shares conditionally granted to Dr. Qian, Dr. Zhao and Mr. Weng (the “**Additional Award Grant**”). Since the Additional Award Grant would result in the awards granted in excess of the Scheme Mandate Limit (on the assumption that the January Bonus Award Grant to Directors is approved at the EGM), the Additional Award Grant will be subject to Shareholders' approval at the EGM pursuant to Rule 17.03C(3) of the Listing Rules.

LETTER FROM THE BOARD

Details of the Additional Award Grant are set out below:

Date of conditional grant:	January 26, 2024
Number of Award Shares granted:	2,600,000 Award Shares, representing approximately 0.60% of the total issued share capital of the Company as of the Latest Practicable Date, are conditionally granted to the Additional Award Grantees, of which all are Employee Participants. Details are set out below: <ul style="list-style-type: none">– 2,000,000 Award Shares conditionally granted to Dr. Qian;– 400,000 Award Shares conditionally granted to Dr. Zhao; and– 200,000 Award Shares conditionally granted to Mr. Weng
Amount payable on application or acceptance of the Award Shares granted and basis of determining the purchase price:	<p><u>For Dr. Qian and Dr. Zhao:</u></p> <p>Nil payable on application of the Award Shares and US\$0.001 per Share payable on the respective vesting dates of the Award Shares granted, determined with reference to factors such as the purpose of the Scheme and profile of the relevant Grantees.</p> <p><u>For Mr. Weng:</u></p> <p>Nil</p>
Closing price of the Shares on the date of conditional grant:	HK\$3.39 per Share
Vesting period of the Award Shares:	<p><u>For Dr. Qian and Dr. Zhao:</u></p> <p>Will be vested over four years upon achievement of the performance targets attached. See below for further details.</p> <p><u>For Mr. Weng:</u></p> <p>Will be vested one year from the date of the conditional grant.</p>

LETTER FROM THE BOARD

**Performance targets of the
Award Shares:**

For Dr. Qian:

Award Shares conditionally granted to the Dr. Qian shall be vested over four years from the date of achieving the targets of (i) Company's valuation or market capitalization; and (ii) completion of various partnership deals.

For Dr. Zhao:

Award Shares conditionally granted to the Dr. Zhao shall be vested over four years from the date of achieving the targets of (i) Company's valuation or market capitalization; and (ii) completion of various partnership deals.

For Mr. Weng:

As (i) the relevant Additional Award Grant to Mr. Weng forms part of his remuneration; and (ii) the Additional Award Grant to Mr. Weng is to recognize and reward Mr. Weng for his past contributions to the Company, and can incentivize and retain Mr. Weng, whose contribution is beneficial to the continual operation, development and long-term growth of the Group, the Remuneration Committee is of the view that it is not necessary to set performance targets for the relevant Additional Award Grant to Mr. Weng.

**Clawback mechanism of the
Award Shares:**

The key clawback terms are as follow:

If an Additional Award Grantee ceases to be an eligible person by reason of retirement of the Additional Award Grantee, any outstanding Award Shares and related income not yet vested shall continue to vest in accordance with the vesting dates set out in the award letter, unless the Scheme Administrator determines otherwise at their absolute discretion.

LETTER FROM THE BOARD

If an Additional Award Grantee ceases to be an eligible person by reason of (i) death of the Additional Award Grantee, (ii) termination of the Additional Award Grantee's employment or contractual engagement with the Group or an affiliate by reason of his/her permanent physical or mental disablement, (iii) termination of the Additional Award Grantee's employment or contractual engagement with the Group by reason of redundancy, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Scheme Administrator determines otherwise at their absolute discretion.

If an Additional Award Grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the Additional Award Grantee has been convicted of any criminal offence involving his or her integrity or honesty, or any wrongdoing involving the Group's financial statements, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Scheme Administrator determines otherwise at their absolute discretion, taking into consider the purpose of the Share Incentive Scheme.

The underlying Shares to be granted under the Additional Award Grant shall rank *pari passu* with the Shares then in issue in all respects, including voting rights, entitlement to dividends, transfer and other rights (including those arising on liquidation of the Company) save that the Additional Award Grantee shall not have any voting rights, or rights to participate in any dividends or distributions declared or recommended or resolved to be paid to the Shareholders prior to him/her satisfying all conditions to become a holder of the underlying Shares.

Number of Shares available for future grant under the Scheme Mandate Limit and Service Provider Sublimit after the Additional Award Grant

Since the Additional Award Grant would result in the awards granted in excess of the Scheme Mandate Limit (on the assumption that the January Bonus Award Grant to Directors is approved at the EGM), there will not be any Shares available for future grant after the Additional Award Grant (if approved at the EGM) under the Scheme Mandate Limit, until the Scheme Mandate Limit is refreshed by the Independent Shareholders as set out below in this circular.

LETTER FROM THE BOARD

Reasons for and benefits of the January Bonus Grant to Directors and Additional Award Grant

The reasons for the January Bonus Award Grant to Directors and Additional Award Grant are to provide incentives for the Grantees to exert maximum efforts and reward continued efforts for the success of the Company and its affiliates, and to provide a means by which the Grantees may be given an opportunity to benefit from increases in value of the Shares through the granting of the Award Shares. The Company believes that its future success and continuous development is closely linked to the continuous commitment and efforts of its management team. The Company considers the motivation and retention of its management team members critical to minimize potential disruptions to its existing operation and facilitate its future development and expansion. Therefore, the January Bonus Award Grant to Directors and Additional Award Grant would enable the Company to encourage and retain the Grantees to make contributions to the long-term growth and profits of the Group.

In addition, such grants form part of their remuneration and have been approved by the Remuneration Committee, respectively. Such grants will encourage them to work towards enhancing the value of the Company and the Shares for the benefits of the Company and Shareholders as a whole by continuing to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

In determining the number of Award Shares granted to each of the Grantees, the Board considered factors such as time commitment, duties and responsibilities of each of the Grantees, in which they have all performed important duties and responsibilities in the Group. Taking into account that (i) the contributions of the Grantees to the Company were significant; (ii) they are crucial to the further development of the Group; (iii) the dilution effect of the grants is insignificant, the Board (including the independent non-executive Directors but excluding the Grantees) and Remuneration Committee are of view that the January Bonus Award Grant to Directors and Additional Award Grant are appropriate remuneration and incentive for the Grantees' past and future contributions to the Company.

LETTER FROM THE BOARD

Effect on the shareholding structure of the Company

The following table sets forth the change in shareholding structure of the Company (a) as at the Latest Practicable Date; (b) immediately upon full vesting of the Award Shares granted under the January Bonus Award Grant to Directors (assuming no other Shares are issued or repurchased); (c) immediately upon full vesting of the Award Shares granted under the Additional Award Grant (assuming the January Bonus Award Grant to Directors is approved at the EGM and no other Shares are issued or repurchased); and (d) immediately upon full utilization of the Refreshed Scheme Mandate Limit (assuming the January Bonus Award Grant to Directors and the Additional Award Grant are approved at the EGM and no other Shares are issued or repurchased):

Name of Shareholder	(a) As at the Latest Practicable Date ¹		(b) Immediately upon full vesting of the Award Shares granted under the January Bonus Award Grant to Directors (assuming no other Shares are issued or repurchased)		(c) Immediately upon full vesting of the Award Shares granted under the Additional Award Grant (assuming the January Bonus Award Grant to Directors is approved at the EGM and no other Shares are issued or repurchased)		(d) Immediately upon full utilization of the Refreshed Scheme Mandate Limit (assuming the January Bonus Award Grant to Directors and the Additional Award Grant are approved at the EGM and no other Shares are issued or repurchased)	
	(Number of Shares ²)	Approximate Percentage (%)	(Number of Shares ²)	Approximate Percentage (%)	(Number of Shares ²)	Approximate Percentage (%)	(Number of Shares ²)	Approximate Percentage (%)
Dr. Qian ³	36,510,000	8.37%	37,191,060	8.51%	39,191,060	8.91%	39,191,060	8.11%
Dr. Zhao ⁴	14,068,740	3.22%	14,068,740	3.22%	14,468,740	3.29%	14,468,740	2.99%
Mr. Weng	4,800,000 ⁵	1.10%	5,003,960 ⁵	1.14%	5,203,960 ⁵	1.18%	5,203,960 ⁵	1.08%
Other Shareholders (including public Shareholders)	380,996,635 ⁽⁶⁾	87.31%	380,996,635 ⁽⁶⁾	87.13%	380,996,635 ⁽⁶⁾	86.62%	380,996,635 ⁽⁶⁾	78.85%
- Maximum number of new Shares that can be issued under the Refreshed Scheme Mandate Limit	-	-	-	-	-	-	43,304,452 ⁷	8.96%
Total	436,375,375 ⁸	100.00%	437,260,395 ⁹	100.00%	439,860,395 ¹⁰	100.00%	483,164,847 ¹¹	100%

(1) Excludes the number of Shares to be issued pursuant to the January Bonus Award Grant to Directors and the Additional Award Grant.

(2) Represents the number of Shares as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, which would include holding in Shares and underlying Shares of (i) any Options and RSUs granted to the Grantees pursuant to the Pre-IPO Equity Incentive Plan; and (ii) any Options and Award Shares granted to the Grantees pursuant to the Share Incentive Scheme, and assuming full vesting and/or exercise of these grants. For the avoidance of doubt, this excludes (i) the underlying Shares of any outstanding options granted to participants other than the Grantees pursuant to the Pre-IPO Equity Incentive

LETTER FROM THE BOARD

Plan and Share Incentive Scheme; and (ii) the underlying Shares of the 1,995,610 Award Shares granted to the participants other than Dr. Qian and Mr. Weng (that will be satisfied by new Shares instead of Un-grant Shares) under the January Bonus Award Grant.

- (3) Including: (i) 4,713,470 Shares held by Dr. Qian in his name; (ii) 236,164 Shares held by Success Voyage Investment Limited, a British Virgin Island company wholly owned by the Success Voyager Trust and is a limited partner of Success Link; (iii) 22,411,376 Shares held by Qian Dynasty Irrevocable Trust and (iv) 830,778 Shares held by Cloudbay Capitals LLC. With regards to the Success Voyager Trust, the beneficiaries are Dr. Qian's children, the trustee is Trident Trust Company (South Dakota) Inc, and Dr. Qian controls the voting rights attached to the relevant Shares. With regards to the Qian Dynasty Irrevocable Trust, the beneficiaries are Dr. Qian and his children and their descendants, the investment advisor is Dr. Qian and the trustee is HSBC Trust Company (Delaware) National Association.
- (4) Including: (i) 3,840,953 Shares held by Dr. Zhao in his name; and (ii) 1,175,609 Shares held by VI Holding Limited which is wholly owned by Dr. Zhao.
- (5) Including the 4,400,000 RSUs granted to Mr. Weng on December 19, 2022, pursuant to the Pre-IPO Equity Incentive Plan, which would be satisfied by Un-Granted Shares.
- (6) Includes the (i) 1,922,550 of the remaining Un-granted Shares held in Success Reach and (ii) 97,150 of the remaining Un-granted Shares held in Success Link that will be used to satisfy certain January Bonus Award Grant. For the avoidance of doubt, none of the January Bonus Award Grant to Directors will be satisfied by Un-granted Shares. Details are set out on pages 9 to 20 of the Circular.
- (7) This figure is calculated based on the total number of Shares which may be issued in respect of all Award Shares and Options to be granted under the Refresh Scheme Mandate Limit upon deducting the remaining 333,085 Un-granted Shares. Details of the Un-granted Shares are set out below on pages 21 to 24 of the Circular.
- (8) This figure is based on the total number of issued Shares of the Company as at the Latest Practicable Date, being 436,375,375 Shares.
- (9) This figure is calculated based on the total number of issued Shares as at the Latest Practicable Date and assuming full issuance of the Shares underlying the Award Shares granted under the January Bonus Award Grant to Directors. For the avoidance of doubt, this figure already included 1,922,550 of the remaining Un-granted Shares held in Success Reach and 97,150 of the remaining Un-granted Shares held in Success Link that will be used to satisfy certain January Bonus Award Grant, as set out in note (6) above.
- (10) This figure is calculated based on the total number of issued Shares as at the Latest Practicable Date and assuming full issuance of the Shares underlying the Award Shares granted under the January Bonus Award Grant to Directors and the Additional Award Grant. For the avoidance of doubt, this figure already included 1,922,550 of the remaining Un-granted Shares held in Success Reach and 97,150 of the remaining Un-granted Shares held in Success Link that will be used to satisfy certain January Bonus Award Grant, as set out in note (6) above.
- (11) This figure is calculated based on the total number of issued Shares as at the Latest Practicable Date and assuming full issuance of the Shares (i) underlying the Award Shares granted under the January Bonus Award Grant to Directors and the Additional Award Grant; and (ii) pursuant to the Refreshed Scheme Mandate Limit. For the avoidance of doubt, this figure already included 1,922,550 of the remaining Un-granted Shares held in Success Reach and 97,150 of the remaining Un-granted Shares held in Success Link that will be used to satisfy certain January Bonus Award Grant, as set out in note (6) above.

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LISTING RULES IMPLICATIONS

The following table sets forth the number and terms of Options previously granted to Dr. Qian and Dr. Zhao respectively in the 12-month period up to the date of the January Bonus Award Grant to Directors and the Additional Award Grant (excluding the January Bonus Award Grant to Directors and the Additional Award Grant):

Name	Date of grant	Number of Options granted	Vesting Period ⁽¹⁾	Exercise price	Performance targets	Closing price of Shares immediately before the date of grant	Fair value of the Options on the date of grant (per Option) ⁽²⁾
Dr. Qian	January 26, 2023	3,641,024	2,971,727 Options: to be vested from January 26, 2024 to September 28, 2025; 669,297 Options: based on performance targets	HK\$3.02	669,297 Options: upon milestone achievements of clinical development	HK\$3.02	US\$0.1908 ~ 0.2071
Dr. Zhao	January 26, 2023	4,853,181	3,062,212 Options: to be vested from January 26, 2024 to September 28, 2025; 1,790,969 Options: based on performance targets	HK\$3.02	1,790,969 Options: upon milestone achievements of clinical development	HK\$3.02	US\$0.1527 ~ 0.1904

The following table sets forth the number and terms of Awards previously granted to Dr. Qian and Dr. Zhao respectively in the 12-month period up to the date of the January Bonus Award Grant to Directors and the Additional Award Grant (excluding the January Bonus Award Grant to Directors and the Additional Award Grant):

Name	Date of grant	Number of Awards granted	Vesting Period	Purchase price (per Share)	Performance targets	Closing price of Shares immediately before the date of grant	Fair value of the Awards on the date of grant (per Award) ⁽²⁾
Dr. Qian	January 26, 2023	4,277,188	Based on performance targets	US\$0.001	Upon target achievements on Company's valuation or market capitalization	HK\$3.02	US\$0.3606
Dr. Zhao	January 26, 2023	198,997	To be vested from January 26, 2024 to January 26, 2025	US\$0.001	-	HK\$3.02	US\$0.3606

LETTER FROM THE BOARD

Notes:

1. The exercise period of the Options shall be 10 years from the date of grant, subject to the terms of the Share Incentive Scheme and the grant letter.
2. The fair value of Options and Awards are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The methodology and assumptions used was binominal tree price model. The assumptions include risk free rate and expected volatility.

As disclosed above, (i) a total of 2,681,060 Award Shares were conditionally granted to Dr. Qian, an executive Director and the Chief Executive Officer of the Company; (ii) a total of 403,960 Award Shares were conditionally granted to Mr. Weng, an executive Director; and (iii) 400,000 Award Shares were conditionally granted to Dr. Zhao, a non-executive Director. Pursuant to Rule 17.04(1) of the Listing Rules, such conditional grants had been approved by the independent non-executive Directors. Dr. Qian, Dr. Zhao and Mr. Weng had abstained from voting on the resolutions relating to the respective grants to themselves and had not been counted towards the quorum of the Board meeting in respect of such resolutions.

Since the above-mentioned conditional grants would (i) result in the Shares issued and to be issued in respect of all awards granted to each of Dr. Qian, Dr. Zhao and Mr. Weng (excluding any awards lapsed in accordance with the terms of the applicable scheme) in the 12-month period up to and including the date of the said grants representing in aggregate over 0.1% of the issued Shares, and (ii) result in the Shares issued and to be issued in respect of all options and awards granted to each of Dr. Qian and Dr. Zhao (excluding any options and awards lapsed in accordance with the terms of the applicable scheme) in the 12-month period up to and including the date of the said grants representing in aggregate over 1% of the issued Shares, they are conditional upon approval by the Shareholders (with Dr. Qian, Dr. Zhao and Mr. Weng and their associates and all core connected persons of the Company abstaining) at the EGM in accordance with Rules 17.03D(1), 17.04(2), 17.04(3) and 17.04(4) of the Listing Rules (as applicable).

Save as disclosed above, none of the Grantees (i) is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined under the Listing Rules); (ii) is a participant with options and share awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D(1) of the Listing Rules; or (iii) is a related entity participant or a service provider (as defined under the Listing Rules). No financial assistance has been provided by the Group to any of the Grantees for the purchase of Shares under the Share Incentive Scheme.

Reference is made to the circular of the Company dated May 17, 2023, and the announcements of the Company dated January 26, 2023, December 27, 2023, and January 4, 2024, where it was disclosed that, among other things, (i) 2,965,785 Shares were held in Success Reach; and (ii) 4,500,000 Shares were held in Success Link, and such Shares will be used to satisfy future grants under the Share Incentive Scheme (the "**Un-granted Shares**"), in which 4,400,000 Shares held in Success Link were used to satisfy share grant to Mr. Weng in

LETTER FROM THE BOARD

December, 2022 and 713,000 of such Un-granted Shares were used to satisfy the grants made by the Company on December 27, 2023. As of the Latest Practicable Date, (i) 2,252,785 Un-granted Shares were held in Success Reach; and (ii) 100,000 Un-granted Shares were held in Success Link.

Reference is made to the announcement of the Company dated January 26, 2024, where it was disclosed that, among other things, pursuant to the January Bonus Award Grant, (i) 1,922,550 of the remaining Un-granted Shares held in Success Reach and (ii) 97,150 of the remaining Un-granted Shares held in Success Link, will be used to satisfy certain January Bonus Award Grant and the remaining portion of the January Bonus Award Grant will be satisfied by new Shares to be issued and allotted pursuant to the Scheme Mandate Limit. For the avoidance of doubt, none of the January Bonus Award Grant to Directors will be satisfied by Un-granted Shares.

4. PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

Background of the Scheme Mandate Limit and Service Provider Sublimit

The Share Incentive Scheme was approved and adopted by the Shareholders at the 2022 EGM. Pursuant to the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Award Shares and Options to be granted under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company is 44,551,933 Shares, representing 10% of the total issued and outstanding Shares on the date of the 2022 EGM. In addition, pursuant to the Service Provider Sublimit, the maximum number of Shares that may be issued upon exercise of all Award Shares and Options to be granted to Service Providers under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes is 8,910,386 Shares, representing 2.0% of the total issued and outstanding Shares on the date of the 2022 EGM.

As at the Latest Practicable Date, after taking into account the January Bonus Award Grant to Directors and the Additional Award Grant (assuming that the conditions of such grants are satisfied), (i) 27,209,275 Award Shares and 19,775,545 Options were granted under the Scheme Mandate Limit (including the Award Shares and Options that were vested and/or exercised but excluding the Award Shares and Options that have lapsed); and (ii) nil Award Shares or Options were granted under the Service Provider Sublimit.

LETTER FROM THE BOARD

Proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit and Arrangement for Un-Granted Shares

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to approve the (i) proposed Refreshment of the Scheme Mandate Limit so as to allow the Company to grant new Award Shares and Options under the Share Incentive Scheme and any other share schemes of the Company representing in aggregate up to 10% of the Shares in issue as at the date of passing the resolution; and (ii) proposed Refreshment of the Service Provider Sublimit so as to allow the Company to grant new Award Shares and Options to Service Providers under the Share Incentive Scheme and any other share schemes of the Company representing in aggregate up to 2.0% of the Shares in issue as at the date of passing the resolution.

If the proposed Refreshment of the Scheme Mandate Limit and the Service Provider Sublimit is approved at the EGM, based on 436,375,375 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the date of the EGM, the total number of Shares which may be issued in respect of all Award Shares and Options to be granted (i) under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company will be 43,637,537 Shares, being approximately 10% of the Shares in issue as at the date of the EGM; and (ii) to Service Providers under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company will be 8,727,507 Shares, being approximately 2.0% of the Shares in issue as at the date of the EGM.

In addition, as set out above on pages 9 to 20 of this Circular, pursuant to the January Bonus Award Grant, (i) 1,922,550 of the remaining Un-granted Shares held in Success Reach and (ii) 97,150 of the remaining Un-granted Shares held in Success Link, will be used to satisfy certain January Bonus Award Grant, in which none of the Un-granted Shares will be used to satisfy the January Bonus Award Grant to Directors. It follows that, 330,235 Un-Granted Shares would remain to be held in Success Reach and 2,850 Un-Granted Shares would remain to be held in Success Link. Due to administrative reasons in relation to the operation of Success Link and Success Reach, the Company is unable to fully utilize such aggregate of 333,085 remaining Un-granted Shares before the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit. As such, when such remaining 333,085 Un-granted Shares are used to satisfy future grants of Award Shares and Options under the Share Incentive Scheme to specified participants, those grants will be considered to utilize the Refreshed Scheme Mandate Limit (or the Refreshed Service Provider Sublimit if applicable) if the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit is approved by the Shareholders at the EGM. For the avoidance of doubt, the total number of Shares which may be issued in respect of all Award Shares and Options to be granted under the Refresh Scheme Mandate Limit upon deducting the remaining 333,085 Un-granted Shares (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme), will be 43,304,452.

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There has not been any refreshment of the Scheme Mandate Limit or Service Provider Sublimit since the adoption of the Share Incentive Scheme. As the Pre-IPO Equity Incentive Plan was terminated on May 31, 2023, apart from the Share Incentive Scheme, the Company has no other share scheme currently in force.

Reasons for the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit

In view of the utilization of the Scheme Mandate Limit, the Directors consider that the Company should refresh the Scheme Mandate Limit and the Service Provider Sublimit so that the Company can continue to provide incentives or rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high quality personnel and attract human resources that are valuable to the Group. Although the Company has not made any grant to Service Providers since the approval and adoption of the Share Incentive Scheme at the 2022 AGM, the Directors consider that the Service Provider Sublimit should also be refreshed so that the Company can retain its flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with Service Providers, who are not employees or officers of the Group but may have exceptional expertise in their field or may be able to provide valuable expertise and services to the Group.

Further, if the Company was to refresh its existing Scheme Mandate Limit and Service Provider Sublimit after the three-year period in accordance with Rule 17.03C(1) of the Listing Rules, which will be on or after November 3, 2025, given the utilization of the Scheme Mandate Limit, the Company will be severely restricted in utilizing the Share Incentive Scheme to encourage and retain personnels to make contributions to the long-term growth and profits of the Group during the period. Therefore, upon taking into account the potential dilution impact of the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit as set out under the table on page 35 of this Circular, the Directors (excluding the independent non-executive Directors, whose view is set out in the letter from the Independent Board Committee included in this circular) consider the benefits of the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit outweigh its drawbacks. Thus, the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit within three years is considered to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has not yet identified any specific eligible participant, of whom the Company considers to be necessary to grant Award Shares or Options to under the Share Incentive Scheme (as may be refreshed with the Refreshed Scheme Mandate Limit and Refreshed Service Provider Sublimit as proposed in this circular).

LETTER FROM THE BOARD

Conditions of the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit

The proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit is conditional upon:

- (a) the Independent Shareholders passing the relevant resolution at the EGM to approve the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of Service Provider Sublimit, respectively; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the vesting of the Award Shares and exercise of the Options that may be granted pursuant to the Share Incentive Scheme and any other share schemes of the Company under the proposed Refreshment of the Scheme Mandate Limit not exceeding 10% of the number of Shares in issue as at the date of approval of the proposed Refreshment of the Scheme Mandate Limit.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Shares to be issued pursuant to the vesting of the Award Shares and the exercise of the Options to be granted under the Share Incentive Scheme under the Refreshed Scheme Mandate limit.

Listing Rules Implications

Pursuant to Rule 17.03C(1)(b) of the Listing Rules, any refreshment of the Scheme Mandate Limit and Service Provider Sublimit within any three-year period from the date of adoption of the scheme is subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM. Any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the respective resolution to approve the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit.

As at the Latest Practicable Date, to the best knowledge, belief and information of the Directors having made all reasonable enquiries, the Company has no controlling Shareholder. Accordingly, as set out on page 31 of this circular, Dr. Qian, Dr. Zhao and Mr. Weng, all being executive Directors or non-executive Director (as the case may be) with interests in the Shares, together with their associates are required to abstain from voting in favour of the resolution(s) to approve the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit.

LETTER FROM THE BOARD

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, save as disclosed and as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the proposed resolutions on the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit at the EGM.

Pursuant to Rule 17.03C(2) of the Listing Rules, the total number of shares which may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate as "refreshed" must not exceed 10% of the relevant class of shares in issue as at the date of approval of the refreshed scheme mandate.

As at the Latest Practicable Date, the Company has no concrete plan or intention to grant any Award Shares or Options under the Share Incentive Scheme immediately after obtaining the Shareholders' approval for the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit. However, the Board does not rule out the possibility that the Company will grant any Award Shares or Options under the Share Incentive Scheme in future when such need arises in order to incentivize the selected eligible participants under the Share Incentive Scheme. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

5. THE EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 39 to 42 of this circular.

The Independent Board Committee, comprising of all the independent non-executive Directors, namely, Mr. Jiasong Tang, Mr. Zhihua Zhang, Dr. Kumar Srinivasan and Ms. Helen Wei Chen, will be established to advise the Independent Shareholders on the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

To the extent that the Company is aware having made all reasonable enquiries, as at the Latest Practicable Date, (i) Directors of the Company, namely Dr. Qian, Dr. Zhao, Mr. Weng, Mr. Jiasong Tang, Mr. Zihua Zhang, Dr. Kumar Srinivasan, Ms. Helen Wei Chen and their respective close associates, (ii) Mr. Frank Feng Ye, a director at the subsidiary level of the

LETTER FROM THE BOARD

Group, and (iii) other substantial shareholders of the Company, are core connected persons of the Company who together are interested in a total of 128,700,641 Shares or underlying Shares, representing approximately 29.49% of the total number of issued Shares of the Company as of the Latest Practicable Date, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO. In addition, Success Reach, Success Link and the trustee of the Success Connect Trust will abstain from voting any unvested Shares they hold at the EGM in accordance with Rule 17.05A of the Listing Rules; to the extent they hold any vested Shares for Dr. Qian, Dr. Zhao, Mr. Weng or any other of the aforementioned core connected persons, they shall also abstain from voting those Shares at the EGM; to the extent they hold any vested Shares for independent parties, Success Reach shall abstain from voting such Shares at the EGM as the trustee of the Success Reach Trust would act in accordance with the instructions of the Board (or a committee thereof) in respect of the exercise of the voting rights attached to the Shares it holds, the trustee of the Success Connect Trust shall abstain from voting such Shares at the EGM as it would act in accordance with the instructions of Dr. Qian and Mr. Weng in respect of the exercise of the voting rights attached to the Shares it holds, and Success Link will not abstain from voting such Shares at the EGM as Mr. Weng, while being a director and a shareholder (of less than 30% equity interest) of Success Link GP Inc., will abstain from voting on any resolutions of Success Link GP Inc. in relation to the exercise of the voting rights attached to any Shares it holds at the EGM. Save for the aforementioned core connected persons of the Company as well as Success Reach, Success Link and the trustee of the Success Connect Trust, who are required to abstain from voting (to the extent applicable) in favour on the resolutions in respect of the January Bonus Award Grant to Directors and the Additional Award Grant at the EGM, to the extent that the Company is aware having made all reasonable enquiries as at the Latest Practicable Date, no other Shareholder will be required to abstain from voting in favour on the said resolutions at the EGM. As at the Latest Practicable Date, none of the Shareholders who are required to abstain from voting in favour of the resolutions approving the January Bonus Award Grant to Directors and the Additional Award Grant have given the Company notice of their intention to vote against those resolutions at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.transcenta.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e., not later than Saturday, March 23, 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

LETTER FROM THE BOARD

Shareholders can view and listen to the EGM through online access by visiting the e-Meeting System. Accessing the meeting online will not constitute attendance at the EGM. Shareholders who view and listen to the EGM using the e-Meeting System will not be counted towards the quorum nor will they be able to cast their votes online. Shareholders may submit questions relevant to the proposed resolutions in advance before 5:00 p.m. on Monday, March 18, 2024, to the Board by email, telephone, or letter. Details of contact information are set out on page 89 of the Annual Report 2022 of the Company. The Board and/or the Company will endeavour to address relevant questions in relation to the resolutions to be proposed for approval at the EGM and may, at their discretion, respond to substantial and relevant questions.

Registered Shareholders will receive a separate notification letter with personalised username and password for the e-Meeting System from Tricor Investor Services Limited. Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through bank, stockbroker, custodians or Hong Kong Securities Clearing Company Limited (collectively the “**Intermediary**”) may also be able to view and listen to the EGM online through the e-Meeting System. In this regard, they should consult directly with their Intermediary for the necessary arrangements. The shareholder should provide their email address to their Intermediary before the time limit required by the relevant Intermediary and the username and password will be sent to them upon receipt of request. Without the login details, non-registered Shareholders will not be able to view and listen to the EGM using the e-Meeting System. Shareholders should note that viewing and listening to the EGM using the e-Meeting System will not be counted towards the quorum nor will they be able to cast their votes online.

The e-Meeting System will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer.

6. CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders’ entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, March 20, 2024, to Monday, March 25, 2024, both days inclusive, during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of members of the Company on Monday, March 25, 2024, are entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, March 19, 2024 (Hong Kong time).

LETTER FROM THE BOARD

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

8. RECOMMENDATION

The Board (including all the independent non-executive Directors but excluding Dr. Qian, Dr. Zhao and Mr. Weng) considers that the terms of the January Bonus Award Grant to Directors and the Additional Award Grant are fair and reasonable, and that the said grants are in the interest of the Company and the Shareholders as a whole. The Board (including all the independent non-executive Directors) also considers that the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit is fair and reasonable and is in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM, as set out in the notice of the EGM, to approve (i) the January Bonus Award Grant to Directors; (ii) the Additional Award Grant; and (iii) the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit.

Yours faithfully,
For and on behalf of the Board
Dr. Yining Zhao
Chairman



Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock code: 6628)

March 6, 2024

To the Independent Shareholders

Dear Sir/Madam,

**PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT AND
SERVICE PROVIDER SUBLIMIT**

We refer to the circular dated March 6, 2024 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit as set out in the Circular. Gram Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of Gram Capital, together with the principal factors and reasons Gram Capital has taken into consideration, are set out on pages 30 to 38 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from Gram Capital to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit. Your attention is also drawn to the additional information set out in the appendix to the Circular.

Having considered the terms of the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit, the advice of Gram Capital and the relevant information contained in the Letter from the Board, we consider the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit is fair and reasonable so far as the Independent Shareholders are concerned and the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit to be proposed at the EGM.

Yours faithfully

Independent Board Committee

Mr. Jiasong Tang Mr. Zhang Zhihua Dr. Kumar Srinivasan Ms. Helen Wei Chen

Independent Non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

6 March 2024

*To: The independent board committee and the independent shareholders of
Transcenta Holding Limited*

Dear Sir/Madam,

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 6 March 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, the Share Incentive Scheme was approved and adopted by the Shareholders at the 2022 EGM. Pursuant to the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Award Shares and Options to be granted under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company is 44,551,933 Shares, representing 10% of the total issued and outstanding Shares on the date of the 2022 EGM. In addition, pursuant to the Service Provider Sublimit, the maximum number of Shares that may be issued upon exercise of all Award Shares and Options to be granted to Service Providers under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes is 8,910,386 Shares, representing 2.0% of the total issued and outstanding Shares on the date of the 2022 EGM.

As at the Latest Practicable Date, after taking into account the January Bonus Award Grant (assuming that the conditions of such grants are satisfied), the existing Scheme Mandate Limit are almost fully utilised.

LETTER FROM GRAM CAPITAL

Pursuant to Rule 17.03C(1)(b) of the Listing Rules, any refreshment of the Scheme Mandate Limit and Service Provider Sublimit within any three year period from the date of adoption of the scheme is subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM. Any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the respective resolution to approve the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit.

As at the Latest Practicable Date, the Company had no controlling Shareholder. Accordingly, Dr. Qian, Dr. Zhao and Mr. Weng, all being executive Directors or non-executive Director (as the case may be) with interests in the Shares, together with their associates are required to abstain from voting in favour of the respective resolution to approve the proposed Refreshment of the Scheme Mandate Limit and the proposed Refreshment of the Service Provider Sublimit.

The Independent Board Committee comprising Mr. Jiasong Tang, Mr. Zhihua Zhang, Dr. Kumar Srinivasan and Ms. Helen Wei Chen (all being independent non-executive Directors) has been established to advise the Independent Shareholders on the proposed Refreshment of the Scheme Mandate Limit and Service Provider Sublimit. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Refreshment of Scheme Mandate Limit and Service Provider Sublimit, we have taken into consideration the following principal factors and reasons:

Information of the Group

With reference to the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**"), the Company is an investment holding company and the Group is an integrated biopharma platform that brings drug candidates from the discovery stage to the commercial stage, spanning discovery, research, development, manufacturing and commercialization.

LETTER FROM GRAM CAPITAL

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2022 and the six months ended 30 June 2023 as extracted from the 2022 Annual Report and the Company's interim report for the six months ended 30 June 2023 (the "2023 Interim Report"):

	For the six months ended 30 June 2023 ("1H2023") RMB'000 (unaudited)	For the year ended 31 December 2022 ("FY2022") RMB'000 (audited)	For the year ended 31 December 2021 ("FY2021") RMB'000 (audited)	Change %
Revenue	36,084	101,892	50,242	102.80
– Contract Development and manufacturing ("CDMO") services	36,084	87,949	44,200	98.98
– Research and development services	Nil	13,943	6,042	130.77
Loss for the year/period	(237,647)	(406,745)	(1,715,543)	(76.29)
Adjusted loss and total comprehensive expenses for the year/period ^(Note)	(231,968)	(400,875)	(485,041)	(17.35)

Note: excluding share-based payment expenses and fair value loss of financial liabilities at fair value through profit or loss of approximately RMB1,228.8 million, RMB16.8 million and RMB13.3 million recorded during FY2021, FY2022 and 1H2023 from total comprehensive expenses for the aforesaid period.

As depicted in the above table, the Group's revenue increased from approximately RMB50.2 million for FY2021 to approximately RMB101.9 million for FY2022. The Group's revenue from CDMO services contributed approximately 87.97% and 86.32% for FY2021 and FY2022 respectively. With reference to the 2022 Annual Report, the Group expanded and grew its CDMO services, including addition of new service categories in analytical testing and DP manufacturing, thus over 30 new clients had been added and external contract value increased by more than 80% as compared to 2021. The increase in the Group's CDMO business benefitted from the Group's advanced integrated continuous bioprocessing (ICB) technology, improved cell line expression system, proprietary cell culture media and extensive experience in customized media development, diversified analytical test, and an integrated DP fill and finish line.

LETTER FROM GRAM CAPITAL

With reference to the 2023 Interim Report, as at 5 September 2023 (being the latest practicable date for ascertaining certain information in the 2023 Interim Report), the Group had established a diversified and differentiated pipeline of 13 molecules in oncology, bone disorders and nephrology that are under development. Most of antibody candidates were generated in-house by the Group's antibody discovery platform covering validated, partially validated, and novel biological pathways, whereas one pipeline candidate was acquired through in-licensing.

With reference to the 2023 Interim Report, the Group expects to advance multiple key pipeline molecule programs and especially to initiate the Group's first global pivotal trial for osemitamab (TST001) (one of the Group's drug candidates). The Group also strive to establish global collaboration on the Groups' leading assets and plan to further advance its (CMC) platform and grow its CDMO business and revenue. Detailed breakdown of the expected developments of the Group's drug candidates for the second half of 2023 and the first half of 2024 is set out under the sub-section headed "Future Outlook" of the section headed "Management Discussion and Analysis" of the 2023 Interim Report. The Group will continue the progression of its pipeline and keep exploring partnerships to enhance the global development strategy and maximize commercial value of its drug candidates. The Group will continue to develop and implement leading technology to improve productivity with lower costs.

Reasons for and benefits of the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit

Based on our independent research, as at the Latest Practicable Date, there were approximately 50 biotech companies that were listed on the Stock Exchange under Chapter 18A of the Listing Rules and had not made an application and demonstrated that it is able to meet the requirements of Rule 8.05 of the Listing Rules. Almost all of the aforesaid biotech companies recognised equity-settled share-based payments in its financial statements for their latest financial year. We also noted from the website of the Stock Exchange that it is common practice among biotech companies listed on the Stock Exchange under Chapter 18A of the Listing Rules to grant award/restricted shares or options to their personnel and employees.

Pursuant to the Share Incentive Scheme, the purposes of the Share Incentive Scheme are (i) to align the interests of eligible persons (including the Group's employees and Service Providers) with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares; and (ii) to encourage and retain eligible persons to make contribution to the long-term growth and profits of the Group. We understood from the Directors that any performance targets may be set to relevant selected participants according to their roles and contributions to the Group.

LETTER FROM GRAM CAPITAL

Set out below are the grant of Award Shares and Option under the Scheme Mandate Limit since the date of the 2022 EGM up to the Latest Practicable Date (including the January Bonus Award Grant):

Date of announcement	Subject matter	Number of underlying Shares
Date of the 2022 EGM	Approval of the Scheme Mandate Limit	44,551,933
19 December 2022	Grant of Options	11,705,180
	Grant of Award Shares	5,035,160
	Grant of restricted share units ^(Note)	4,400,000
26 January 2023	Grant of Award Shares	4,476,185
	Grant of Options	8,494,205
31 March 2023	Grant of Award Shares	1,810,000
	Grant of Options	150,000
6 April 2023	Grant of Award Shares	530,000
21 July 2023	Grant of Award Shares	2,792,800
27 December 2023	Grant of Award Shares	1,883,000
26 January 2024	January Bonus Award Grant	<u>4,900,330</u>
	Total number of underlying Shares granted since the approval of the Scheme Mandate Limit up to and including the Latest Practicable Date	(46,176,860)
	Award Shares and Option lapsed since the approval of the Scheme Mandate Limit up to and including the Latest Practicable Date	<u>1,792,040</u>
	Remaining Scheme Mandate Limit as at the Latest Practicable Date	<u><u>167,113</u></u>

Note: Such grant of restricted share units was made pursuant to the Pre-IPO Equity Incentive Plan. As the Pre-IPO Equity Incentive Plan is considered to be a share scheme involving grant of new Shares under Rule 17.01(1)(a) of the amended Chapter 17 of the Listing Rules; and in light of the existence of the Un-granted Shares, the number of Shares granted under such grant was considered to utilize the Scheme Mandate Limit as approved by the Shareholders at the 2022 EGM.

LETTER FROM GRAM CAPITAL

Based on the above table, as at the Latest Practicable Date, after taking into account the January Bonus Award Grant (assuming that the conditions of such grants are satisfied), the existing Scheme Mandate Limit (being 44,551,933 Shares, representing 10% of the total issued and outstanding Shares on the date of the 2022 EGM) are almost fully utilised.

In the event that the Refreshed Scheme Mandate Limit is not granted and the Company refreshes the existing Scheme Mandate Limit after the 3-year period pursuant to the Rule 17.03C(1) of the Listing Rules, the Company can only conduct such refreshment on or after 3 November 2025, being approximately one year and eight months away from the Latest Practicable Date. It may severely limit the effectiveness and the Company's discretion in utilizing the Share Incentive Scheme during the aforesaid period.

As detailed in the section headed "Information of the Group" above, the Group is a biopharmaceutical company with capacities in discovery, research, development and manufacturing with 13 drug candidates that are under development as at 5 September 2023. We noted from the 2022 Annual Report and 2023 Interim Report that research and development expenses are the Group's major expense accounted for over 80% of the Group's adjusted loss (excluding share-based payment expenses and fair value loss of financial liabilities at fair value through profit or loss) for FY2021, FY2022 and 1H2023, respectively. The Group recorded bank balances and cash, pledged bank deposits and time deposits of approximately RMB814.1 million in aggregate as at 30 June 2023. In addition, the Group recorded net cash used in operating activities were approximately RMB384.5 million and RMB295.8 million for FY2021 and FY2022 respectively.

Taking into account (i) that all of the Group's drug candidates are under development as at 5 September 2023; (ii) the Group's cash requirement for operating activities; and (iii) the grant of award/restricted shares or options will preserve the cash resources for the Group's operations (i.e. the development of the Group's drug candidates), the grant of award/restricted shares or option is a more appropriate mean for providing incentives to eligible persons as compared to other means of incentive (e.g. cash bonus, gift).

Having considered (i) that the Scheme Mandate Limit has almost been fully utilized taking into account the January Bonus Award Grant (assuming that the conditions of such grants are satisfied); (ii) the purpose of the Share Incentive Scheme; and it is common among listed biotech companies to grant shares or options to their selected participants for contributions made; (iii) that as compared to other means of incentive (e.g. cash bonus, gift), the grant of award/restricted shares or options will preserve cash resources for the Group's operations; and (iv) the Refreshed Scheme Mandate Limit and Refreshed Service Provider Sublimit would allow the Company to continue to provide incentives or rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high quality personnel and attract human resources that are valuable to the Group, we are of the view that the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Potential dilution to shareholding of the Other Shareholders

As illustrated by the shareholding table under the section headed “Effect on the shareholding structure of the Company” of the Board Letter, excluding the Un-granted Shares, the shareholding interests of the existing shareholders other than Dr. Qian, Dr. Zhao and Mr. Weng in the Company (the “**Existing Other Shareholders**”, i.e. approximately 86.77% as at the Latest Practicable Date) would be diluted by

- i) approximately 7.8 percentage points, assuming (a) no other Shares will be issued or repurchased after the Latest Practicable Date other than the fully utilization of Refreshed Scheme Mandate Limit and Refreshed Service Provider Sublimit and the exercise of options (which are granted according to the Refreshed Scheme Mandate Limit and Refreshed Service Provider Sublimit); and (b) there will be no shares/options to be granted to the Existing Other Shareholders pursuant to the Share Incentive Scheme; or
- ii) approximately 8.4 percentage points, assuming (a) the full vesting of the Award Shares granted under the January Bonus Award Grant to Directors and the Additional Award Grant after they are approved at the EGM; (b) in addition to (a), no other Shares will be issued or repurchased after the Latest Practicable Date other than the fully utilization of Refreshed Scheme Mandate Limit and Refreshed Service Provider Sublimit and the exercise of options (which are granted according to the Refreshed Scheme Mandate Limit and Refreshed Service Provider Sublimit); and (c) there will be no shares/options to be granted to the Existing Other Shareholders pursuant to the Share Incentive Scheme.

Note: The maximum number of new Shares that can be issued under the Refreshed Scheme Mandate Limits is calculated based on the total number of Shares which may be issued in respect of all Award Shares and Options to be granted under the Refresh Scheme Mandate Limit upon deducting the remaining 333,085 Ungranted Shares.

Nonetheless, in view of reasons for and benefits of the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit, in particular (i) the Refreshed Scheme Mandate Limit and Refreshed Service Provider Sublimit would allow the Company to continue to provide incentives or rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high quality personnel and attract human resources that are valuable to the Group; and (ii) the Group’s cash requirements for operating activities and that the grant of share incentives can preserve the Group’s cash resources as compared to other means of incentives, we are of the opinion that the potential dilution to the shareholdings of the Existing Other Shareholders is acceptable.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the proposed Refreshment of Scheme Mandate Limit and Service Provider Sublimit and we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.



Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock code: 6628)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (“EGM”) of Transcenta Holding Limited (the “**Company**”) will be held at 218 Xinghu Street, Biobay, B6-501, Suzhou, China on March 25, 2024, at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** the grant of 681,060 Award Shares to Dr. Qian, who is an executive director (“**Director**”) and the Chief Executive Officer of the Company (the principal terms and conditions of such grant is set out in the circular of the Company dated March 6, 2024 (the “**Circular**”)) pursuant to the share incentive scheme of the Company approved by the Shareholders of the Company on November 4, 2022 (the “**Share Incentive Scheme**”) and on such terms as stipulated in the award letter issued by the Company pursuant to the Share Incentive Scheme be and are hereby approved, confirmed and ratified (the “**January Bonus Award Grant to Dr. Qian**”), **THAT** the board of Directors of the Company (“**Board**”) be and is hereby authorized to exercise all rights and powers available to it as it may in its sole discretion consider necessary or expedient to give full effect to the January Bonus Award Grant to Dr. Qian and issue of the Shares upon the vesting of the Award Shares of Dr. Qian, and **THAT** any and all such acts to effect the aforesaid grants be and are hereby approved, confirmed and ratified.”
2. **“THAT** the grant of 203,960 Award Shares to Mr. Weng, who is an executive Director and the Chief Financial Officer of the Company (the principal terms and conditions of such grant is set out in the Circular) pursuant to the Share Incentive Scheme and on such terms as stipulated in the award letter issued by the Company pursuant to the Share Incentive Scheme be and are hereby approved, confirmed and ratified (the “**January Bonus Award Grant to Mr. Weng**”), **THAT** the Board be and is hereby authorized to exercise all rights and powers available to it as it may in its sole discretion consider necessary or expedient to give full effect to the grant of the January Bonus Award Grant to Mr. Weng and issue of the Shares upon the vesting of the Award Shares of Mr. Weng, and **THAT** any and all such acts to effect the aforesaid grants be and are hereby approved, confirmed and ratified.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. “**THAT**, the grant of 2,000,000 Award Shares to Dr. Qian, who is an executive Director and the Chief Executive Officer of the Company (the principal terms and conditions of such grant is set out in the Circular) pursuant to the Share Incentive Scheme and on such terms as stipulated in the award letter issued by the Company pursuant to the Share Incentive Scheme be and are hereby approved, confirmed and ratified (the “**Additional Award Grant to Dr. Qian**”), **THAT** the Board be and is hereby authorized to exercise all rights and powers available to it as it may in its sole discretion consider necessary or expedient to give full effect to the Additional Award Grant to Dr. Qian and issue of the Shares upon the vesting of the Award Shares of Dr. Qian, and **THAT** any and all such acts to effect the aforesaid grants be and are hereby approved, confirmed and ratified.”
4. “**THAT**, the grant of 400,000 Award Shares to Dr. Zhao, who is a non-executive Director of the Company (the principal terms and conditions of such grant is set out in the Circular) pursuant to the Share Incentive Scheme and on such terms as stipulated in the award letter issued by the Company pursuant to the Share Incentive Scheme be and are hereby approved, confirmed and ratified (the “**Additional Award Grant to Dr. Zhao**”), **THAT** the Board be and is hereby authorized to exercise all rights and powers available to it as it may in its sole discretion consider necessary or expedient to give full effect to the Additional Award Grant to Dr. Zhao and issue of the Shares upon the vesting of the Award Shares of Dr. Zhao, and **THAT** any and all such acts to effect the aforesaid grants be and are hereby approved, confirmed and ratified.”
5. “**THAT**, the grant of 200,000 Award Shares to Mr. Weng, who is an executive Director and the Chief Financial Officer of the Company (the principal terms and conditions of such grant is set out in the Circular) pursuant to the Share Incentive Scheme and on such terms as stipulated in the award letter issued by the Company pursuant to the Share Incentive Scheme be and are hereby approved, confirmed and ratified (“the **Additional Award Grant to Mr. Weng**”), **THAT** the Board be and is hereby authorized to exercise all rights and powers available to it as it may in its sole discretion consider necessary or expedient to give full effect to the Additional Award Grant to Mr. Weng and issue of the Shares upon the vesting of the Award Shares of Mr. Weng, and **THAT** any and all such acts to effect the aforesaid grants be and are hereby approved, confirmed and ratified.”
6. “**THAT** the Scheme Mandate Limit under the Share Incentive Scheme be refreshed so that the total number of Shares which may be issued in respect of all new Award Shares and Options to be granted under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company, being 10% of the aggregate number of shares of the Company in issue as at the date of passing this resolution (the “**Refreshed Scheme Mandate Limit**”), be and is hereby approved and adopted, and that the Directors be and are authorised, subject to compliance with the Listing Rules, to grant the Award Shares or Options under the Share Option Scheme up to the Refreshed Scheme Mandate Limit, and do all such acts and execute all such documents as the Directors may consider necessary or expedient in order to give full effect to the Share Incentive Scheme and such Refreshed Scheme Mandate Limit.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

7. “**THAT**, conditional upon the passing of ordinary resolution 6, the Service Provider Sublimit under the Share Incentive Scheme be refreshed so that the total number of Shares which may be issued in respect of all new Award Shares and Options to be granted to Service Providers under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes of the Company, being 2.0% of the aggregate number of shares of the Company in issue as at the date of passing this resolution, be and is hereby approved and adopted.”

Yours faithfully,
For and on behalf of the Board
Dr. Yining Zhao
Chairman

Hong Kong, March 6, 2024

Registered Office:
Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

Principal Place of Business in Hong Kong:
5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A form of proxy for use at the EGM is enclosed.
2. A Shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s), and for this purpose, seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e., not later than 10:00 a.m. on Saturday, March 23, 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Wednesday, March 20, 2024, to Monday, March 25, 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, March 19, 2024.
6. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be voted by poll; Dr. Qian, Dr. Zhao and Mr. Weng (as defined in the Circular) and all core connected persons (as defined in the Circular) of the Company are required to abstain from voting in respect of all the resolutions.
7. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the board of directors of the Company comprises Dr. Xueming Qian as executive Director and chief executive officer, Mr. Xiaolu Weng as executive Director, Dr. Yining Zhao as chairman and non-executive Director, and Mr. Jiasong Tang, Mr. Zhihua Zhang, Dr. Kumar Srinivasan and Ms. Helen Wei Chen as independent non-executive Directors.